

Message Text

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ACTION ARA-14

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E.O. 11652: GDS
TAGS: EAID, IDB, ENRG, PORG, SHUM, PA
SUBJ: PARAGUAYAN CONCERN AT EXPECTED U.S. VETO OF PROPOSED IDB
LOAN FOR ELECTRICAL TRANSMISSION LINES

REF: ASUNCION 4647

1. SUMMARY. DIRECTOR OF PARAGUAYAN ELECTRIC COMPANY IS EXTREMELY CONCERNED OVER NEED TO WITHDRAW, BECAUSE OF HUMAN RIGHTS CONSIDERATIONS, THE GOP REQUEST FOR LOAN TO EXTEND TRANSMISSION LINES TO RURAL AREAS. HE BELIEVES THAT BECAUSE OF URGENCY OF PROJECT, HE WILL BE UNABLE TO SUBMIT LOAN LATER, ESPECIALLY SINCE THERE WOULD BE NO ASSURANCES THAT LOAN WOULD GO THROUGH EVEN IF TIME FOR IAHC VISIT WERE SET. INSTEAD HE WILL PROBABLY HAVE TO LOOK FOR COMMERCIAL BANK FINANCING WHICH WILL SHARPLY INCREASE COST OF ELECTRICITY TO SMALL FARMERS AND LOW-INCOME WORKERS. END SUMMARY.

2. COMMERCIAL ATTACHE CALLED ON ENZO DEBERNARDI, PRESIDENT OF PARAGUAYAN ELECTRIC COMPANY ANDE AND ASSISTANT DIRECTOR OF ITAIPU ON DECEMBER 1 AT HIS REQUEST TO EXPLAIN USG POSITION ON GOP'S REQUEST TO IDB FOR A LOAN TO EXTEND TRANSMISSION LINES TO RURAL AREA. SHE REVIEWED THE HISTORY OF THE IAHC REQUEST TO VISIT PARAGUAY AND SAID THAT
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FOLLOWING THE DISCUSSION OF THE TWO PRESIDENTS IN WASHINGTON, THE CHRISTOPHER COMMITTEE HAD APPROVED A SERIES OF LOANS TO PARAGUAY, INCLUDING THE CORPOSANA WATER PROJECT AND SEVERAL AID LOANS. HOWEVER, THE COMMITTEE CONTINUED TO RECEIVE MIXED SIGNALS AS TO WHAT WAS GOING ON IN PARAGUAY AND THERE SEEMED TO BE AN INABILITY TO REACH AGREEMENT ON THE TIMING FOR THE IAHC VISIT. ACCORDINGLY, THE COMMITTEE DECIDED IT

WANTED TO REVIEW THE ENTIRE SITUATION BEFORE APPROVING ANY MORE LOANS.

3. DEBERNARDI WAS VERY CONCERNED AT THE DELAY IN APPROVAL OF THE LOAN, EXPLAINING THAT ANDE HAD MADE A SPECIAL EFFORT TO OBTAIN APPROVAL BEFORE THE END OF 1977. THE EXPANSION PROJECT IS, HE NOTED, OF PARTICULARLY IMPORTANCE TO SMALLER FARMERS AND LOWER INCOME PEOPLE IN THE SMALL TOWNS OF PARAGUAY. HE EXPRESSED FEAR THAT THERE MIGHT BE FURTHER DELAYS IN GETTING AN IDB LOAN AND THAT IT MIGHT TAKE A YEAR OR MORE TO GET APPROVAL. FOR EXAMPLE, THE COMMITTEE, EVEN AFTER A DATE FOR THE VISIT WERE AGREED UPON, MIGHT SAY, "LET'S WAIT UNTIL AFTER THE VISIT." THEN THEY MIGHT SAY, "LET'S WAIT TILL PARAGUAY MAKES CERTAIN CHANGES." HE SAID THAT BECAUSE OF THIS THE COMPANY WOULD PROBABLY HAVE TO LOOK FOR COMMERCIAL FINANCING, WHICH WOULD ADD TO THE COST OF THE PROJECT, SERIOUSLY AFFECTING THE LOWEST INCOME GROUPS IN PARTICULAR.

4. DEBERNARDI ADDED THAT PARAGUAY HAD BEEN IN A DIFFICULT POSITION WITH RESPECT TO THE PROPOSED IAHRC VISIT. ALL OF ITS NEIGHBORS WERE VERY MUCH OPPOSED TO PERMITTING THE VISIT AND HAD PRESSURED PARAGUAY TO IGNORE THE REQUEST. DEBERNARDI POINTED OUT THAT PARAGUAY NOT ONLY HAD STRONG COMMERCIAL RELATIONSHIPS WITH THESE COUNTRIES, BUT WAS DEPENDENT UPON THEIR GOOD WILL FOR ITS ACCESS TO THE SEA.

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5. EMBASSY OFFICER AGAIN EXPLAINED THE VIEWS OF THE U.S. GOVERNMENT, POINTING OUT THE REQUIREMENTS OF U.S. LAW, AND NOTING THE REPERCUSSIONS WHICH THE BOGADO GONDRA CASE HAD HAD ON U.S. OFFICIALS. SHE SAID THAT THE FOREIGN MINISTER HAD JUST BEEN BRIEFED ON THE SUBJECT AND SUGGESTED A TALK WITH HIM WOULD BE USEFUL.
WHITE

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Control Number: n/a
Copy: SINGLE
Sent Date: 02-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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